

CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND
(A Fund of the City of San José)

Reports of Independent Certified Public Accountants,
Financial Statements and
Other Supplementary Information

For the Year Ended June 30, 2017

**CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND**
(A Fund of the City of San José)
For the Year Ended June 30, 2017

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

City Council
Members of the Parks and Recreation Commission
City of San José, California

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Report on the financial statements

We have audited the accompanying financial statements of the Parks and Recreation Bond Projects Fund (the "Fund"), a fund of the City of San José (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parks and Recreation Bond Projects Fund as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

As discussed in Note 2 to the financial statements, the financial statements present only the Parks and Recreation Bond Projects Fund and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2017, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other matters

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Fund. The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance by fiscal year for the period June 6, 2001 through June 30, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The fiscal 2016 and 2017 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fiscal 2016 and 2017 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The financial statements of the Fund as of and for the periods ended June 30, 2001 through June 30, 2015 were audited by other auditors. Those auditors expressed unmodified opinions on those 2001-2015 financial statements in their report dated September 21, 2015. Those auditors' reports also stated that the Statements of Revenues, Expenditures, and Changes in Fund Balance by Fiscal Year for the period June 6, 2001 through June 30, 2015 were fairly stated, in all material respects, in relation to the financial statements as a whole.



Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 13, 2017, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Grant Thornton LLP

San José, California
October 13, 2017

CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND
(A Fund of the City of San José)

Balance Sheet
June 30, 2017

	<u>June 30, 2017</u>
Assets	
Restricted assets:	
Equity in pooled cash and investments held in the City Treasury	\$ 2,441,325
Investments held with fiscal agents	26,622,974
Other cash and investments	10,346
Total assets	<u>29,074,645</u>
 Liabilities and Fund Balance	
Liabilities:	
Accounts payable	6,348
Accrued salaries, wages and payroll taxes	6,278
Total liabilities	<u>12,626</u>
 Fund balance:	
Restricted for Parks and Recreation Bond projects	29,062,019
Total liabilities and fund balance	<u>\$ 29,074,645</u>

See accompanying notes to the financial statements.

CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND
(A Fund of the City of San José)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2017

	<u>June 30, 2017</u>
Revenues:	
Investment income	\$ 185,756
Expenditures:	
Public art designs	69,416
Soccer Complex	223,175
Softball Complex	161,912
Project administration	149,638
Total expenditures	<u>604,141</u>
Change in fund balance	(418,385)
Fund balance, beginning of year	29,480,404
Fund balance, end of year	<u>\$ 29,062,019</u>

See accompanying notes to the financial statements.

CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND

(A Fund of the City of San José)
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1 – BACKGROUND

In November 2000, registered voters of the City of San José (“City”) approved Measure P, the San José Safe Neighborhood Parks and Recreation Bonds, authorizing the issuance and sale of general obligation bonds (“Parks Bonds”) not to exceed \$228,030,000 to be used to fund the acquisition of property and construction of improvements to neighborhood and regional parks, community centers and other recreational amenities within the City. The Parks bond proceeds are not allowed to be expended on salaries of Park administrators. Therefore, the City did not use bond proceeds to pay for administrative salaries within the Parks and Recreation Department. The capital project management services provided by the Parks and Recreation Department are considered allowable expenditures and reported in the project administration costs.

The table below sets forth the amount of Parks Bonds authorized and issued pursuant to Measure P:

	Amount	Date
Voter authorization	\$ 228,030,000	November 7, 2000
Bonds issued:		
Series 2001 Bonds	40,000,000	June 6, 2001
Series 2002 Bonds	46,715,000	July 18, 2002
Series 2004 Bonds	46,000,000	July 14, 2004
Series 2006 Bonds	45,400,000	June 29, 2006
Series 2007 Bonds	22,100,000	June 20, 2007
Series 2008 Bonds	27,815,000	June 25, 2008
Total bonds issued	<u>\$ 228,030,000</u>	

As of June 30, 2017, outstanding projects approved by the City Council to be funded by the bond proceeds include Arcadia Softball Complex, Public Art Designs and Coleman Soccer Field.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements present only the financial position and the changes in financial position of the Parks and Recreation Bond Projects Fund (“Fund”) and do not purport to, and do not, present fairly the City’s financial position as of June 30, 2017 and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A capital projects fund (governmental fund) is used to account for the City’s Parks and Recreation Bond Projects activities. Capital projects funds are used to account for financial resources (e.g, bond proceeds and investment income) that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition of land or acquisition and construction of major governmental facilities.

CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND

(A Fund of the City of San José)
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Fund's activity is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to vacation, sick leave, claims and judgments are recorded only when payment is due.

Restricted Cash and Investments

Cash and investments that are restricted for specified uses by bond covenants or other requirements are classified as restricted. The Fund's restricted cash and investments are held in the City Treasury and in fiscal agent accounts to be spent only on authorized capital projects. The Fund's restricted cash and investments are subject to the requirements of the City's adopted investment policy and bond indentures. The fair value of investments is based on quoted market information obtained from fiscal agents or other sources.

Fund Balance

Under Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the balance sheets of governmental funds classify fund balances based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent. The Fund only has restricted fund balance at June 30, 2017. Restricted fund balance represents amounts when constraints placed on use of resources are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND

(A Fund of the City of San José)
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2017

NOTE 3 – RESTRICTED CASH AND INVESTMENTS

A summary of the Fund’s restricted cash and investments at June 30, 2017 are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Moody’s Credit Risk Rating</u>	<u>Weighted-Average Maturity</u>
City of San Jose Cash and Investment Pool	\$ 2,441,325	Unrated	513 days
State of California Local Agency Investment Fund	26,371,951	Unrated	194 days
Wells Fargo Treasury Money Market Mutual Fund	251,023	Aaa	44 days
Total restricted cash and investments	<u>\$ 29,064,299</u>		

The Fund has investments subject to provisions of the bond indentures of its various bond issues. According to the bond indentures, the City is permitted to invest in the City’s cash and investment pool, the State of California Local Agency Investment Fund (“LAIF”), obligations of the U.S. Treasury or U.S. government agencies, time deposits, money market mutual funds invested in U.S. government securities, along with various other investments.

The Fund maintains its investments in the City’s cash and investment pool. Income and losses arising from the investment activity of pooled cash are allocated to the participating funds on a monthly basis, based on their proportionate shares of the average weekly cash balance. Information regarding the characteristics of the entire investment pool can be found in the City’s basic financial statements for the year ended June 30, 2017. A copy of that report may be obtained by contacting the City’s Finance Department, 200 East Santa Clara Street, 13th Floor, San José, CA, 95113 or can be found at the City’s Finance Department Website at <http://www.sanjoseca.gov/>.

Investment in the City’s investment pool reflects a balance of \$2,441,325 at June 30, 2017. The amounts held in the City’s investment pool can be withdrawn upon demand. The weighted average maturity of the City’s investment pool is 513 days. Income earned or losses arising from investments in the City’s cash and investment pool are allocated on a monthly basis by the City’s Finance Department to the Fund based on the average weekly cash balances.

Government Code Section 16429.1 authorizes each local government agency to invest funds in the LAIF administered by the California State Treasurer. The total amount recorded by all public agencies in LAIF at June 30, 2017 was approximately \$22.8 billion. LAIF is part of the State’s Pooled Money Investment Account (“PMIA”). The total amount recorded by all public agencies in PMIA at June 30, 2017 was approximately \$77.6 billion and of that amount, 60.79% was invested in US Treasuries and agencies, 27.73% in depository securities, 10.60% in commercial paper, 0.83% in loans, and 0.05% in mortgages. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the Fund’s position in the pool.

**CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND**

A Fund of the City of San José

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

NOTE 3 – RESTRICTED CASH AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by nationally recognized statistical rating organizations. The City has mitigated credit risk by limiting investments to the safest types of securities, by prequalifying financial institutions, by diversifying the portfolio, and by establishing monitoring procedures.

Concentration Credit Risk

Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on the Fund. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds and other pooled investments are exempt from this requirement, as they are normally diversified themselves.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market rates. The City has mitigated interest rate risk by establishing policies over liquidity, including maturity limits by investment classification. These limits, for investments other than external investment pools and money market mutual funds, are as short as 10 days and as long as 5 years.

Fair Value Measurement Categorization

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Fund participates in the City's investment pool and in the State of California Investment Fund and has cash balances reported of \$2,441,325 and \$26,371,951, respectively at June 30, 2017 and are reported at fair value. The Fund cash balance invested in the Wells Fargo Money Market Mutual Fund is reported at level 1 as listed in the table below. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Assets such as Mutual Funds that have daily closing price and are actively traded are classified as a Level 1 input.

	Carrying Value	Fair Value Measurements Using		
		Quote Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
City of San Jose Cash and Investment Pool	\$ 2,441,325			
State of California Local Agency Investment Fund	26,371,951			
Total Investments	28,813,276			
Investments by fair value level:				
Wells Fargo Treasury Money Market Mutual Fund	251,023	\$ 251,023	\$ -	\$ -
Total restricted cash & investments	\$ 29,064,299	\$ 251,023	\$ -	\$ -

**CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND**

A Fund of the City of San José)

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

NOTE 4 – COMMITMENTS

At June 30, 2017, the Fund has related outstanding project construction encumbrances as follows:

<u>Project</u>	<u>Amount</u>
Public Art Design	\$ 5,620
Arcadia Softball Complex	15,088
Coleman Soccer Field	<u>26</u>
Total project construction encumbrances	<u>\$ 20,734</u>

CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND
 (A Fund of the City of San José)

Statements of Revenues, Expenditures, and Changes in
 Fund Balance by Fiscal Year
 For the Period June 6, 2001 through June 30, 2017

	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:								
Investment income	\$ 233,266	\$ 1,695,340	\$ 3,237,732	\$ 16,887	\$ 1,722,773	\$ 2,779,342	\$ 5,138,908	\$ 4,156,719
Intergovernmental	-	-	-	-	-	-	-	-
Intergovernmental from State	-	-	37,820	-	11,426	-	6,458	17,363
Other	-	-	-	-	-	-	-	-
Total revenues	233,266	1,695,340	3,275,552	16,887	1,734,199	2,779,342	5,145,366	4,174,082
Expenditures:								
Capital outlay:								
Almaden Joint Facility - Community Center/Library	-	58,681	682,929	1,084,999	7,791,470	6,124,290	512,990	145,237
Almaden Lake Park	-	-	146,556	648,088	783,633	144,773	191,622	1,088,191
Almaden Meadows Youth Lot	-	27,040	251,373	92,765	-	-	-	-
Alviso Park Youth & Tot Lot	-	21,082	441,765	50,890	-	-	-	-
Backesto Youth & Tot Lot/ Restroom	-	64,605	558,866	15,823	-	-	-	-
Bascom Community Center	-	-	11,142	88,827	851,399	49,635	122,513	471,551
Biebrach Park Play Lots & Restrooms	-	-	101,159	525,515	-	-	-	-
Bramhall Park Restroom	-	28,318	141,599	9,923	-	-	-	-
Brigadoon Tot Lot Renovation	-	33,398	197,862	3,333	-	-	-	-
Butcher Park Youth/Tot Lot	-	73,900	367,926	11,992	-	-	-	-
Cahalan Park Tot Lot	30,997	600,052	1,769	-	-	-	-	-
Calabazas Park Restroom	-	30,585	242,335	18,181	-	-	-	-
Camden Multi-Service Center	-	636,697	989,279	2,900,625	4,343,202	135,591	-	890,805
Capital Park Tot Lot Renovation	1,918	91,633	245,743	20,998	-	-	-	-
Cataldi Park Youth & Tot Lot	4,868	118,039	252,519	20,998	-	-	-	-
Children of the Rainbow	-	35,296	162,130	2,194	-	-	-	-
Cimarron Park Play Area Renovation	-	24,014	225,966	14,748	-	-	-	-
Coyote Creek Trail - Los Lagos Golf Course	-	-	85,569	184,944	107,981	116,287	82,825	438,794
Emma Prusch Memorial Park	-	23,815	254,498	90,568	56,587	1,026,632	546,479	-
Emma Prusch Memorial Park - LeFevre House	3,949	164,062	204,928	1,165,301	64,871	5,840	213,876	12,909
Erickson Park Play Area	1,393	150,069	85,557	4,998	-	-	-	-
Evergreen Park Play Area	3,338	396,147	81,113	9,776	-	-	-	-
Fernish Park Play Area	2,256	104,581	67,663	5,144	-	-	-	-
Flickinger Youth Tot Lot	-	5,898	603,491	40,970	-	-	-	-
Fontana/ Golden Oaks Youth	-	33,606	191,244	47,669	-	-	-	-
Forestdale Park Tot Lot Renovation	-	2,076	216,688	46,672	-	-	-	-
Gardner Community Center	-	107,304	912,800	3,217,600	530,681	66,443	-	-
Graystone Park Tot Lot	22,263	458,420	-	18,748	-	-	-	-
Great Oaks Park Tot Lot	20,837	208,156	24,850	148	-	-	-	-
Guadalupe Oak Grove Restroom	-	-	17,729	113,517	-	-	-	-
Guadalupe River Trail	-	-	113,015	292,977	108,670	77,991	261,174	277,905
Hamann Park Lot & Restroom	3,994	81,176	453,066	-	-	-	-	-
Happy Hollow PH II-Strategy	-	58,983	33,772	-	-	-	-	-
Happy Hollow PH I-Strategy	-	964,516	195,051	-	-	83,300	341,962	47,263
Happy Hollow Park and Zoo	-	-	-	469,521	1,522,832	3,503,893	2,032,749	1,940,909
Hathaway Parking Lot & Restroom	3,517	58,818	389,825	564	-	-	-	-
Hillview Park Play Area	2,181	51,069	450,089	5,881	-	-	-	-
Houge Park Play Area & Restroom	1,597	498,826	20,302	-	-	-	-	-
Huerta Park Youth & Tot Lot Renovation	3,508	165,592	175,404	4,998	-	-	-	-
Kirk Park Youth & Tot Lot	-	2,908	310,160	44,635	-	-	-	-
Lone Hill Park Tot Lot	4,112	658,297	-	3,378	-	-	-	-
Los Alamitos/ Calero Creek Trail	-	-	-	-	-	9,370	17,834	-
Los Gatos Creek Trail	-	266,989	-	106,639	166,329	575,640	657,907	305,851
Los Paseos Park Youth Lot & Restroom	2,680	392,174	22,582	19,770	-	-	-	-
Martin Park Youth & Tot Lot	-	2,642	379,427	136,127	-	-	-	-
Mayfair Community Center	-	-	9,074	83,080	81,195	501,466	670,149	8,612,287
Meadowfair Center Play Area	2,388	43,589	130,493	58,404	-	-	-	-
Meadows Youth & Tot Lot	-	3,638	213,918	151,233	-	-	-	-
Melody Park Youth Lot Renovation	3,477	57,530	134,898	15,998	-	-	-	-

CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND
 (A Fund of the City of San José)

Statements of Revenues, Expenditures, and Changes in

Fund Balance by Fiscal Year

For the Period June 6, 2001 through June 30, 2017

(Continued)

	2001	2002	2003	2004	2005	2006	2007	2008
Expenditures:								
Mise Park Restroom Renovation	-	92	76,955	195,255	-	-	-	-
Mornil Community Center- Multi-Service	-	-	-	2,583,000	-	1,517,000	-	-
Municipal Rose Garden	-	36,653	261,204	1,571,390	1,540	-	-	-
Murdock Park Youth Lot Renovation	2,793	72,724	147,732	1,980	-	-	-	-
Noble Park Play Area Renovation	-	24	17,793	146,028	79,227	-	-	-
Northwood Youth & Tot Lot	-	18,338	415,812	39,751	-	-	-	-
Parkview II Play Area	-	-	63,325	258,710	3	-	-	-
Parkview Park 1 Play Area	-	4,262	118,064	144,909	-	-	-	-
Parma Park Youth & Tot Lot	23,990	305,740	121,868	-	-	-	-	-
Paul Moore Park Restroom	-	-	19,092	256,286	-	-	-	-
Plato Arroyo Park Play Area	-	-	51,653	217,977	-	-	-	-
Playa Del Rey Park Play Area	20,151	221,156	3,000	-	-	-	-	-
Public Art Designs	-	52,870	12,617	313,208	192,365	528,515	272,495	446,901
Rainbow Park Play Area	-	8,628	113,753	313,984	-	-	-	-
Ramblewood Play Area Renovation	-	9,818	65,887	360,511	-	-	-	-
River Glen Tot Lot	5,036	392,339	36,995	230,724	-	-	-	-
Roosevelt Community Center - Multi-Service	-	-	-	20,716	1,433,573	1,956,073	3,652,486	11,944,700
Roy Avenue Play Area Renovation	-	23,646	231,688	7,997	-	-	-	-
Ryland Park Tot Lot & Restroom	3,520	99,368	502,646	19,967	-	-	-	-
San Tomas Park	-	45,623	664,597	23,734	-	-	-	-
Saratoga Creek Park	-	-	123,886	482,086	1	-	-	-
Saratoga Creek Trail	5,170	7,470	308,672	175,851	1,150,914	516,678	50,683	5,782
Shady Oaks Park Play Area	-	148,236	33,109	5,001	-	-	-	-
Silver Leaf Park Play Area	6,220	139,398	267,899	4,720	-	-	-	-
Silvia Cassell Park Play Area	-	4,484	87,277	168,687	-	-	-	-
Soccer Complex	12,515	512,062	168,077	308,704	18,441	4,914	-	-
Softball Complex	-	53,191	387,976	73,823	309,175	65,621	1,638	-
Solari Park Play Area	1,315	40,641	231,543	19,986	-	-	-	-
Solari/Seven Trees Community Center	-	-	-	-	-	-	778,700	1,394,917
Southside Community Center	-	-	20,539	314,230	912,231	564,460	4	-
Stonegate Park Youth & Tot Lot	-	20,864	413,971	53,304	-	-	-	-
Terrell Park Play Area	-	-	49,280	234,383	-	-	-	-
Thousand Oaks Play Area	-	15,661	213,212	19,101	-	-	-	-
TJ Martin Park Play Area	-	-	42,931	225,026	-	-	-	-
Townsend Park Youth & Tot Lot	-	6,143	352,813	75,635	-	-	-	-
Turtle Rock Park Play Area	-	37,406	195,706	4,998	-	-	-	-
Vinci Park Play Area Renovation	-	36,817	152,879	9,960	-	-	-	-
Vista Park Youth Lot Renovation	24,968	37,977	47,884	9,998	-	-	-	-
Wallenberg Park Play Area	-	-	34,836	399,275	3	-	-	-
Watson Park Youth Lot Renovation	-	23,829	244,378	67,908	-	-	-	-
Welch Park Restroom Renovation	-	11,759	200,093	26,208	-	-	-	-
William Street Restroom (Selma Olinder Park)	-	-	6,287	11,574	209,252	1	-	-
Project Administration	-	303,522	537,372	873,676	1,064,156	942,194	919,494	665,643
Intergovernmental	-	-	-	-	-	-	-	-
Debt service:								
Arbitrage rebate payment	-	293,000	-	-	-	-	-	274,000
Total expenditures	224,951	9,787,962	17,843,425	22,119,420	21,779,731	18,516,607	11,327,580	28,973,645
Excess (deficiency) of revenues over (under) expenditures	8,315	(8,092,622)	(14,567,873)	(22,102,533)	(20,045,532)	(15,737,265)	(6,182,214)	(24,799,563)
Other Financing Sources:								
Bond proceeds	40,000,000	-	46,715,000	-	46,000,000	45,400,000	22,100,000	27,815,000
Change in fund balance	40,008,315	(8,092,622)	32,147,127	(22,102,533)	25,954,468	29,662,735	15,917,786	3,015,437
Fund balance, beginning of period	-	40,008,315	31,915,693	64,062,820	41,960,287	67,914,755	97,577,490	113,495,276
Fund balance, end of period	\$ 40,008,315	\$ 31,915,693	\$ 64,062,820	\$ 41,960,287	\$ 67,914,755	\$ 97,577,490	\$ 113,495,276	\$ 116,510,713

CITY OF SAN JOSE
PARKS AND RECREATION BOND PROJECTS FUND
(A Fund of the City of San José)
Statements of Revenues, Expenditures, and Changes in
Fund Balance by Fiscal Year
For the Period June 6, 2001 through June 30, 2017

	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Expenditures:										
Mise Park Restroom Renovation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,302.00
Morrill Community Center- Multi-Service	-	-	-	-	-	-	-	-	-	4,100,000
Municipal Rose Garden	-	-	-	-	-	-	-	-	-	1,870,787
Murdock Park Youth Lot Renovation	-	-	-	-	-	-	-	-	-	225,229
Noble Park Play Area Renovation	-	-	-	-	-	-	-	-	-	243,072
Northwood Youth & Tot Lot	-	-	-	-	-	-	-	-	-	473,901
Parkview II Play Area	-	-	-	-	-	-	-	-	-	322,038
Parkview Park I Play Area	-	-	-	-	-	-	-	-	-	267,235
Parma Park Youth & Tot Lot	-	-	-	-	-	-	-	-	-	451,598
Paul Moore Park Restroom	-	-	-	-	-	-	-	-	-	275,378
Plato Arroyo Park Play Area	-	-	-	-	-	-	-	-	-	269,630
Playa Del Rey Park Play Area	-	-	-	-	-	-	-	-	-	244,307
Public Art Designs	951,544	610,753	294,290	46,074	3,390	20,273	82,436	12,108	69,416	3,909,255
Rainbow Park Play Area	-	-	-	-	-	-	-	-	-	436,365
Ramblewood Play Area Renovation	-	-	-	-	-	-	-	-	-	436,216
River Glen Tot Lot	-	-	-	-	-	-	-	-	-	665,094
Roosevelt Community Center - Multi-Service	1,173,482	63,034	-	-	-	-	-	-	-	20,244,064
Floy Avenue Play Area Renovation	-	-	-	-	-	-	-	-	-	263,331
Ryland Park Tot Lot & Restroom	-	-	-	-	-	-	-	-	-	625,501
San Tomas Park	-	-	-	-	-	-	-	-	-	733,954
Saratoga Creek Park	-	-	-	-	-	-	-	-	-	606,973
Saratoga Creek Trail	-	-	-	-	-	-	-	-	-	2,221,220
Shady Oaks Park Play Area	-	-	-	-	-	-	-	-	-	166,346
Silver Leaf Park Play Area	-	-	-	-	-	-	-	-	-	418,237
Silvia Cassell Park Play Area	-	-	-	-	-	-	-	-	-	260,448
Soccer Complex	-	167,400	401,526	225,943	691,344	685,334	918,202	189,231	223,175	4,526,959
Softball Complex	-	-	17,526	401	-	52,683	5,368	472,264	161,912	1,601,658
Solari Park Play Area	-	-	-	-	-	-	-	-	-	293,485
Solari/Seven Trees Community Center	9,418,481	8,003,063	836,607	137,936	-	-	(38,370)	-	-	20,531,334
Southside Community Center	-	-	-	-	-	-	-	-	-	1,811,464
Stonegate Park Youth & Tot Lot	-	-	-	-	-	-	-	-	-	488,139
Terrell Park Play Area	-	-	-	-	-	-	-	-	-	283,663
Thousand Oaks Play Area	-	-	-	-	-	-	-	-	-	247,974
TJ Martin Park Play Area	-	-	-	-	-	-	-	-	-	267,957
Townsend Park Youth & Tot Lot	-	-	-	-	-	-	-	-	-	434,591
Turtle Rock Park Play Area	-	-	-	-	-	-	-	-	-	238,110
Vine Park Play Area Renovation	-	-	-	-	-	-	-	-	-	199,656
Vista Park Youth Lot Renovation	-	-	-	-	-	-	-	-	-	120,827
Vallenberg Park Play Area	-	-	-	-	-	-	-	-	-	434,114
Watson Park Youth Lot Renovation	-	-	-	-	-	-	-	-	-	336,115
Welch Park Restroom Renovation	-	-	-	-	-	-	-	-	-	238,060
William Street Restroom (Selma Olinger Park)	-	-	-	-	-	-	-	-	-	227,114
Project Administration	742,893	720,803	476,282	306,224	268,241	256,749	293,610	182,196	149,638	8,702,693
Intergovernmental	-	-	-	-	1,339,000	-	-	-	-	1,339,000
Debt service:										
Arbitrage rebate payment	-	-	-	-	-	-	-	-	-	567,000
	48,149,930	32,135,949	6,018,337	1,728,730	2,403,227	1,487,239	1,280,828	855,789	604,141	225,237,491
	(45,678,684)	(31,395,826)	(4,798,439)	(165,887)	(1,659,278)	(1,395,777)	(1,201,168)	(735,250)	(418,385)	(198,567,981)
Other Financing Sources:										
Bond proceeds	-	-	-	-	-	-	-	-	-	228,030,000
	\$ (45,678,684)	\$ (31,395,826)	\$ (4,798,439)	\$ (165,887)	\$ (1,659,278)	\$ (1,395,777)	\$ (1,201,168)	\$ (735,250)	\$ (418,385)	\$ 29,062,019
Fund balance, beginning of period	\$ 116,510,713	\$ 70,832,029	\$ 39,436,203	\$ 34,637,764	\$ 34,471,877	\$ 32,812,599	\$ 31,416,822	\$ 30,215,654	\$ 29,480,404	\$ -
Fund balance, end of period	\$ 70,832,029	\$ 39,436,203	\$ 34,637,764	\$ 34,471,877	\$ 32,812,599	\$ 31,416,822	\$ 30,215,654	\$ 29,480,404	\$ 29,062,019	\$ 29,062,019

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT
AUDITING STANDARDS**

City Council
Members of the Parks and Recreation Commission
City of San José, California

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We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Parks and Recreation Bond Projects Fund (the "Fund"), a fund of the City of San José (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated October 13, 2017.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet *important enough to merit attention by those charged with governance*.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Fund's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and other matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

San José, California
October 13, 2017



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE WITH MEASURE P**

City Council
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City of San José, California

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We have examined the City of San José's (the "City") compliance with the requirements of Measure P during the period July 1, 2016 to June 30, 2017 as follows:

- Bond proceeds were used for installing lights, reconstructing deteriorating playgrounds and restrooms; preserving open space; constructing trails; constructing new recreational sports facilities; improving Community and Senior Centers; and constructing improvements to regional parks, such as Happy Hollow.
- Bond proceeds were not used for park administrators' salaries.
- Annual audits were performed.
- A citizen's oversight committee was established.

The City's management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the requirements listed above during the period July 1, 2016 to June 30, 2017.

This report is intended solely for the information and use of the City Council, the Parks and Recreation Commission, the City Auditor, and the City's management and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

San José, California
October 13, 2017